

Message Text

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FM SECSTATE WASHDC
TO AMEMBASSY OTTAWA PRIORITY

C O N F I D E N T I A L STATE 215055

E.O. 11652: GDS

TAGS: MARR, MASS, CA

SUBJ: NEW FIGHTER AIRCRAFT; CANADIAN REQUEST FOR
WAIVER OF R AND D COSTS

1. CANADIAN AMBASSADOR TOWE CALLED ON EUR ACTING ASST SECY
VINE AUGUST 23 AND LEFT THE FOLLOWING "BOUT DE PAPIER;"

BEGIN TEXT

THE CANADIAN GOVERNMENT'S PROGRAM TO PURCHASE A NEW FIGHTER
AIRCRAFT FOR OUR ARMED FORCES IS ENTERING A CRITICAL PHASE
IN THE PROCESS OF SELECTING THE AIRCRAFT BEST SUITED TO OUR
COLLECTIVE DEFENCE REQUIREMENTS. IMPORTANT DECISIONS WILL
BE TAKEN IN THE COURSE OF THE COMING WEEKS.

IN THIS CONNECTION THE ATTENTION OF CANADIAN OFFICIALS HAS
BEEN DRAWN TO A PROVISION OF THE FOREIGN MILITARY SALES ACT
(22 USC 2762) AS AMENDED BY PUBLIC LAW 94-329 OF 30 JUNE
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1976 CONCERNING THE WAIVER OF CERTAIN NON-RECURRING SUNK
CHARGES WHICH WOULD OTHERWISE BE CONSIDERED APPROPRIATE.
IT IS OUR UNDERSTANDING THAT WAIVERS MAY BE AUTHORIZED IN
THE CASE OF PARTICULAR SALES THAT WOULD, IF MADE, SIGNIFI-
CANTLY ADVANCE USA GOVERNMENT INTERESTS IN NORTH ATLANTIC
TREATY ORGANIZATION STANDARDIZATION OR FOREIGN PROCUREMENT

IN THE USA UNDER COPRODUCTION ARRANGEMENTS.

THE OBJECTIVE OF STANDARIZATION AND INTEROPERABILITY WITHIN NATO AND NORAD IS ONE LONG SHARED BY OUR TWO GOVERNMENTS. IT HAS THEREFORE BEEN NOTED WITH INTEREST THAT AN INCENTIVE FOR YOUR ALLIANCE PARTNERS TO ACQUIRE USA EQUIPMENT IS PROVIDED IF THE USA GOVERNMENT'S INTERESTS WOULD SIGNIFICANTLY BE ADVANCED IN THIS RESPECT. THE QUESTION THEREFORE ARISES AS TO WHETHER OR NOT THE USA GOVERNMENT WOULD CONSIDER THE ACQUISITION BY CANADA OF ONE OF THE USA AIRCRAFT CURRENTLY UNDER CONSIDERATION (F-14, F-15, F-16, F-18) AS ATTRACTING THE RELEVANT PROVISION OF USA LAW. WE UNDERSTAND R AND D SURCHARGES FOR THESE AIRCRAFT ARE:

F-14: DOLLARS 1.600 MILLION

F-15: DOLLARS 1.600 MILLION

F-16: DOLLARS 0.640 MILLION

F-18: DOLLARS 1.288 MILLION.

MORE CERTAIN KNOWLEDGE OF USA GOVERNMENT'S ATTITUDE ON THIS QUESTION WOULD BE MOST HELPFUL IN THE CONSIDERATION WHICH THE CANADIAN GOVERNMENT IS CURRENTLY GIVING TO THE VARIOUS OPTIONS OPEN TO IT. AN EARLY INDICATION OF THE VIEWS OF THE USA GOVERNMENT WOULD THEREFORE BE APPRECIATED.

END TEXT.

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2. VINE COMMENTED THAT THE CANADIAN REQUEST, IN CIRCUMSTANCES WHERE CANADA HAD NOT YET NARROWED ITS RANGE OF CHOICE TO ONE PARTICULAR AIRCRAFT, RAISED A PROBLEM FOR USG, IN LIGHT OF OUR POLICY NOT TO TAKE STEPS WHICH WOULD CONFER COMPETITIVE ADVANTAGE UPON ONE OR ANOTHER OF SEVERAL COMPETING US FIRMS. TOWE UNDERSTOOD THIS CONCERN, BUT POINTED OUT THAT NFA PURCHASE WOULD BE SUBJECT TO FUNDED CEILING; AVAILABILITY OF R AND D WAIVER WOULD HAVE IMPACT ON NUMBER OF AIRCRAFT OF A PARTICULAR TYPE THAT COULD BE PURCHASED WITHIN FUNDED CEILING AND THAT FACTOR WOULD OBVIOUSLY BE GIVEN CONSIDERABLE WEIGHT IN CABINET DECISION ON FINAL SELECTION OF AIRCRAFT. TOWE INDICATED THAT CABINET SELECTION OF NFA FROM "SHORT LIST" OF COMPETITORS IS DUE IN MID-OCTOBER. HE REQUESTED US RESPONSE ON R AND D WAIVER QUESTION BY EARLY OCTOBER AT LATEST. VINE SAID THAT US WOULD UNDERTAKE STUDY OF THE QUESTION ON URGENT BASIS. CHRISTOPHER

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Message Attributes

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